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Oilseeds Crop October Update

Report Categories:
Oilseeds and Products

Approved By:
Mary Ellen Smith
Prepared By:
Yelena Vassilieva

Report Highlights:
Despite larger sown area, Russia's oilseeds production is forecast to decrease from last year by 0.5 million metric tons (MMT) to 7.5 MMT due to a decrease in sunflowerseed production from 6.4 MMT to 5.8 MMT. Domestic sunflowerseed prices kept increasing in August-September, and may stimulate crushers to purchase more from Ukraine. The soybean production forecast remains 1.0 MMT, and imports are forecast at 1.3 MMT, 30 percent increase from previous year.

General Information:

Production

FAS Moscow forecasts oilseeds production to decrease from the previous year by 7 percent to 7.5 million metric tons (MMT) although area sown to oilseeds was 1.5 million hectares larger than in 2009.

Severe drought in European Russia caused direct losses and a significant decrease in sunflowerseed yields, Russia's major oilseeds crop. Area sown to sunflowerseeds was 7.2 million hectares, but experts estimate that only 6.2 -6.4 million hectares may be harvested, and the sunflowerseed crop will not exceed 6.0 MMT. The Russian Ministry of Agriculture reported that on September 22, 2010, farmers harvested 2.3 MMT of sunflowerseeds from 1.9 million hectares (30 percent of planned harvest area). The lowest yields will be in the Volga Valley and Central Federal Districts of European Russia. Sources report that sunflowerseed crop in the Urals and West Siberia look normal (these districts started harvesting only in mid September), but production in these districts is not significant, and in previous year's yields were lower than in European Russia. FAS Moscow forecasts Russia's sunflowerseed crop at 5.8 MMT, 10 percent lower than in 2009.

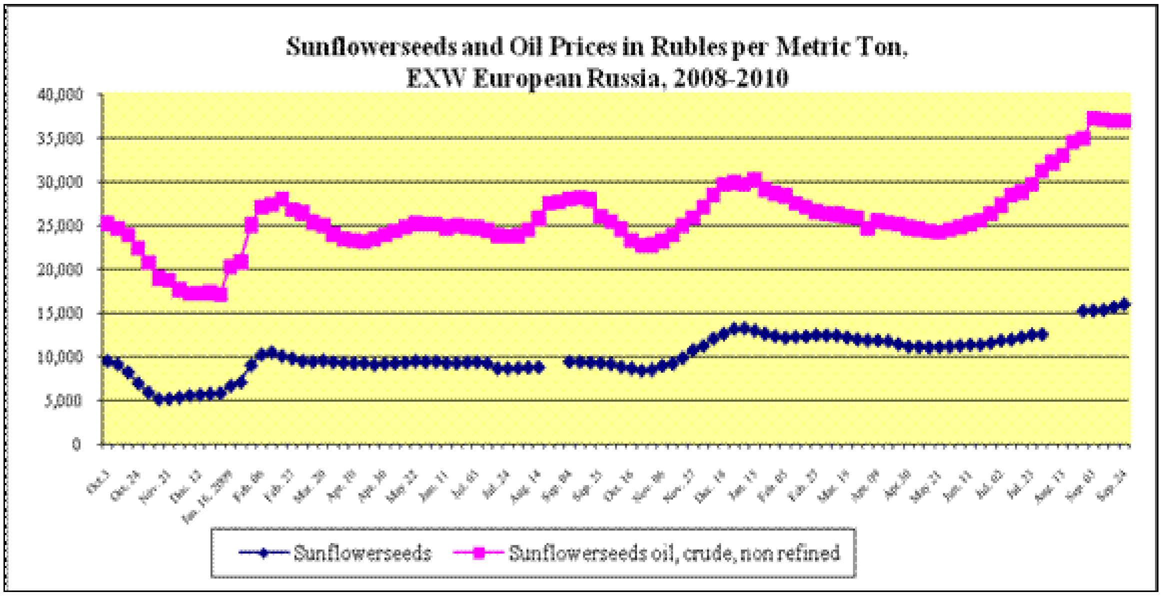
Soybean production is still forecast at 1.0 MMT, despite some weather problems in the Far East and significant losses in soybean crop in those provinces of Central Federal District (European Russia) where farmers attempted to begin soybean production in 2010 instead of grain.

Rapeseeds production is forecast to increase slightly from last year to 0.7 MMT. However, rapeseeds production is still low, and will not be able to compensate for decrease in sunflowerseeds.

Crush

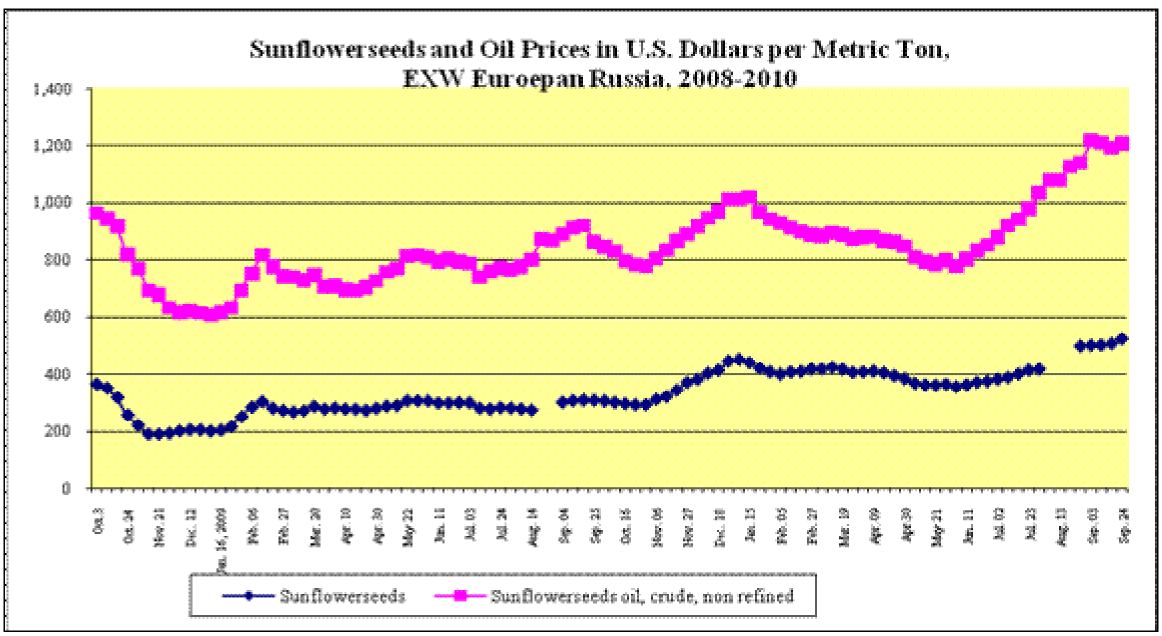
The Russian crushing industry was developing at a fast pace in the last 5-6 years, and its current capacity exceeds 10 MMT. FAS Moscow forecasts oilseeds crush in MY 2010 at 8.5 MMT, only 0.1 MMT less than estimated in MY 2009. However, Russian crushers may reach this level only if they increase imports of soybeans and sunflowerseeds. Domestic demand for sunflowerseeds already exceeds supply, and prices are increasing (Graphs 1 and 2). Sources report that in some provinces of European Russia offer prices of sunflowerseeds exceeded 18,000 rubles ($580) per MT. According to sources from the field, big sunseed crushing companies in European Russia consider imports of sunseeds from Ukraine as one of the likely options to keep their capacities working at a normal rate.

Graph 1



Source: ProZerno

Graph 2.



Source: ProZerno

<u>Trade</u>

FAS Moscow increased the sunseed import forecast to 0.4 MMT from less than 0.01 MMT in MY 2009. Ukraine may be the major supplier of sunseeds to Russia. Exports of sunseeds have been small since 2007 when export duties on sunflowerseeds, soybeans and rapeseed were introduced.

Russia has been increasing imports of soybeans along with growing demand in soybean meal for the livestock and poultry industries. In September 2009 – July 2010 [i] Russia imported over 0.8 MMT of soybeans. The total imports of soybeans in MY 2009 are estimated at 0.9 MMT, and FAS Moscow forecasts imports to increase in MY 2010 to 1.3 MMT. Imports from the U.S. may reach 0.2 MMT.

Russia exported approximately 75,000 MT of rapeseeds in MY 2009, mostly for the bio-industry in EU. In MY 2010 rapeseeds exports is forecast to decrease due to domestic crushers demand. Russia does not import rapeseeds.

Policy

There have been no changes in the Russian oilseeds domestic or trade policy. However, the expected decrease in sunflowerseed production led some to call for an introduction of an export ban on sunflowerseeds, and possibly sunflowerseed oil, similar to grain export ban. This is a drastic switch from the June 2010 campaign against the existing 20 percent (but not less than 30 Euro per MT) export duty on sunflowerseeds [ii] . The support for the ban is split as some domestic crushers also process and export vegetable oils. Given that the domestic prices on sunflowerseeds are increasing, and export duty is in force, introduction of export ban seems unlikely.

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[i] Marketing year for Russia's soybeans is from September to August.
[ii] For more information see GAIN RS1031 – Oilseeds and Products _ Producers and Processors Agreed on Minimum Sunflowerseed Prices in MY 2010 _ Moscow _Russian Federation _6/24/2010.

Production, Supply and Demand Data Statistics :

PSD, Sunflowerseed, 1,000 Metric Tons, Area in 1,000 Hectares

Oilseed, Sunflowerseed Russia	2008/2009			2009/2010			2010/2011		
	Market Year Begin: Sep 2008			Market Year Begin: Sep 2009			Market Year Begin: Sep 2010		
	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post
Area Planted	5,200	5,200	5,200	5,200	6,190	6,190	5,200	7,150	7,150
Area Harvested	6,000	6,000	6,000	5,600	5,590	5,590	6,100	6,400	6,200
Beginning Stocks	290	290	290	575	575	575	275	245	245
Production	7,350	7,350	7,350	6,425	6,425	6,425	6,500	6,400	5,800
MY Imports	12	12	12	20	10	10	10	200	400
MY Imp. from U.S.	0	0	0	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0	0	0	0
Total Supply	7,652	7,652	7,652	7,020	7,010	7,010	6,785	6,845	6,445
MY Exports	160	160	160	25	30	30	80	20	20
MY Exp. to EU	70	70	70	70	0	0	80	20	20
Crush	6,210	6,210	6,210	6,065	6,105	6,105	5,830	6,000	5,600
Food Use Dom. Cons.	215	215	215	220	220	220	220	200	200
Feed Waste Dom. Cons.	492	492	492	435	410	410	430	400	400
Total Dom. Cons.	6,917	6,917	6,917	6,720	6,735	6,735	6,480	6,600	6,200
Ending Stocks	575	575	575	275	245	245	225	225	225
Total Distribution	7,652	7,652	7,652	7,020	7,010	7,010	6,785	6,845	6,445

PSD, Soybean, 1,000 Metric Tons, Area in 1,000 Hectares

Oilseed, Soybean Russia	2008/2009			2009/2010			2010/2011		
	Market Year Begin: Sep 2008			Market Year Begin: Sep 2009			Market Year Begin: Sep 2010		
	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post
Area Planted	725	725	725	725	874	874	1,000	1,200	1,200
Area Harvested	709	709	709	792	792	792	1,000	900	900
Beginning Stocks	40	40	40	92	92	92	103	64	64
Production	744	744	744	942	942	942	1,150	1,000	950
MY Imports	837	837	837	1,050	910	910	1,230	1,300	1,300
MY Imp. from U.S.	26	26	26	90	100	100	150	150	200
MY Imp. from EU	0	0	0	0	0	0	0	0	0
Total Supply	1,621	1,621	1,621	2,084	1,944	1,944	2,483	2,364	2,314
MY Exports	2	2	2	1	10	10	10	20	20
MY Exp. to EU	0	0	0	0	0	0	0	0	0
Crush	1,497	1,497	1,497	1,950	1,850	1,850	2,280	2,200	2,150
Food Use Dom. Cons.	0	0	0	0	0	0	0	0	0
Feed Waste Dom. Cons.	30	30	30	30	20	20	30	20	20
Total Dom. Cons.	1,527	1,527	1,527	1,980	1,870	1,870	2,310	2,220	2,170
Ending Stocks	92	92	92	103	64	64	163	124	124
Total Distribution	1,621	1,621	1,621	2,084	1,944	1,944	2,483	2,364	2,314

PSD, Rapeseed, 1,000 Metric Tons, Area in 1,000 Hectares

Oilseed, Rapeseed Russia	2008/2009			2009/2010			2010/2011		
	Market Year Begin: Jul 2008			Market Year Begin: Jul 2009			Market Year Begin: Jul 2010		
	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post
Area Planted	650	650	650	570	570	570	650	800	800
Area Harvested	626	575	575	555	600	600	600	750	650
Beginning Stocks	141	143	143	224	226	226	94	101	101
Production	752	752	752	667	667	667	500	770	720
MY Imports	1	1	1	1	5	5	5	0	0
MY Imp. from U.S.	0	0	0	0	0	0	0	0	0
MY Imp. from EU	1	0	0	1	1	1	1	0	0
Total Supply	894	896	896	892	898	898	599	871	821
MY Exports	63	63	63	111	110	110	90	80	60
MY Exp. to EU	78	78	78	75	75	75	70	70	60
Crush	590	590	590	670	670	670	450	730	700
Food Use Dom. Cons.	0	0	0	0	0	0	0	0	0
Feed Waste Dom. Cons.	17	17	17	17	17	17	16	20	20
Total Dom. Cons.	607	607	607	687	687	687	466	750	720
Ending Stocks	224	226	226	94	101	101	43	41	41
Total Distribution	894	896	896	892	898	898	599	871	821